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**Sixteenth Annual Report**

**DeCOURSEY-BREWIS MINERALS LIMITED**

*as at May 31st, 1962*

*NOV 19 1962*

**ANNUAL MEETING OF SHAREHOLDERS**

Terrace Room  
King Edward Sheraton Hotel  
Toronto, Ontario  
10:30 A.M., November 30, 1962

D E C O U R S E Y - B R E W I S   M I N E R A L S   L I M I T E D

Incorporated under the Laws of the Province of Ontario  
25 Adelaide Street West, Room 416, Toronto, Ontario

O F F I C E R S

ARTHUR W. WHITE	- - - - -	President
LAWRENCE W. McILMURRAY	- - - - -	Vice-President
H. R. HEARD	- - - - -	Secretary-Treasurer

D I R E C T O R S

ARTHUR W. WHITE	- - - - -	Toronto, Ontario
DAVID F. BURT	- - - - -	Toronto, Ontario
JACK J. WHITE	- - - - -	Burlington, Ontario
R. G. WOLFE	- - - - -	Anchorage, Alaska
W. A. EDMOND	- - - - -	Aurora, Ontario
LAWRENCE W. McILMURRAY	- - - - -	Toronto, Ontario
L. V. BARBISAN	- - - - -	Toronto, Ontario

A U D I T O R S

McDONALD, NICHOLSON & CO.  
Toronto, Ontario

C O N S U L T I N G   G E O L O G I S T

GEORGE L. HOLBROOKE  
Toronto, Ontario

R E G I S T R A R   A N D   T R A N S F E R   A G E N T S

THE STERLING TRUSTS CORPORATION  
372 Bay Street, Toronto, Ontario  
BANK OF NEW YORK  
New York City, U.S.A.

A L A S K A   M I N E S   A N D   M I N E R A L S  
I N C O R P O R A T E D

A N C H O R A G E ,   A L A S K A

O F F I C E R S

R. G. WOLFE	- - - - -	President
ROBERT F. LYMAN	- - - - -	Vice-President
H. R. HEARD	- - - - -	Secretary-Treasurer
MRS. JULIANA WILSON, Attorney-at-Law	- - - - -	Assistant Secretary

D I R E C T O R S

ROBERT F. LYMAN	- - - - -	Red Devil, Alaska
G. L. HOLBROOKE	- - - - -	Toronto, Ontario
R. G. WOLFE	- - - - -	Anchorage, Alaska
A. W. WHITE	- - - - -	Toronto, Ontario
H. R. HEARD	- - - - -	Toronto, Ontario

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## REPORT TO SHAREHOLDERS

To the Shareholders:

Your Directors submit the Sixteenth Annual Report of DeCoursey-Brewis Minerals Limited. It includes the financial statements of the Company, dated 31st May, 1962, and the report thereon of the Auditors of the Company, McDonald, Nicholson & Co., Chartered Accountants. For your information we are enclosing a copy of the annual report of Alaska Mines and Minerals Incorporated.

The settlement of this Company's outstanding debentures was effected on June 1, 1962, the day after the close of the Company's financial year. The basis of settlement was such that, after it was carried out, Alaska Mines and Minerals Incorporated ceased to be a subsidiary company of DeCoursey-Brewis Minerals Limited. Since this change in parent-subsidiary relationship took place so soon after the end of the Company's financial year, your directors are of the opinion that the annual reports of both DeCoursey-Brewis Minerals Limited and Alaska Mines and Minerals Incorporated as at 31st May, 1962, would be more informative to you than consolidated financial statements of these two companies.

### DEBENTURE SETTLEMENT

On June 1, 1955, DeCoursey-Brewis Minerals Limited issued \$600,000 principal amount 6% Sinking Fund Debentures to provide a portion of the funds required to finance development work and plant construction at the Red Devil Mine, owned by Alaska Mines and Minerals Incorporated. DeCoursey-Brewis advanced some \$1,800,000 to Alaska Mines and Minerals for these purposes. As security against these advances Alaska Mines and Minerals issued promissory notes to DeCoursey. At April 10, 1962, DeCoursey-Brewis held \$1,735,000 of promissory notes issued by Alaska Mines and Minerals, and there were \$514,000 principal amount of DeCoursey-Brewis Debentures outstanding.

During the life of the DeCoursey-Brewis Debentures more than \$220,000 was paid as interest to the Debentureholders which was recovered from Alaska Mines and Minerals Incorporated as interest on advances. This represents a substantial portion of the loss before amortization of preproduction expense and depreciation of fixed assets experienced by Alaska Mines and Minerals Incorporated. DeCoursey-Brewis has found on occasions that the provisions of the Deed of Trust and Mortgage related to its debentures have restricted its activities, particularly in Canada.

Depressed conditions in the mercury industry in recent years, high operating costs in Alaska, and the interest charges already mentioned, combined to exhaust the funds of both companies to the extent that DeCoursey was unable to meet its debenture obligation at maturity on June 1, 1962.

Since several independent Consulting Geologists and Mining Engineers have reported that the mercury properties owned by Alaska Mines and Minerals have considerable potential, your Management was reluctant to discontinue mining operations in spite of the difficulties under which Alaska Mines and Minerals has operated and the loss it has experienced, because prohibitive rehabilitation costs would make all possibility of ever tapping this potential in the future uneconomical, and thereby would prevent DeCoursey-Brewis from recouping all or any part of its investment.

When considering the course of action to be followed at the maturity of the DeCoursey debentures, it was apparent that any equitable arrangement with the Debentureholders must accomplish the following:

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1. Place the responsibility for long-term liability with Alaska Mines and Minerals Incorporated.
2. Relieve DeCoursey-Brewis of the restrictive elements contained in the Deed of Trust and Mortgage.
3. Relieve Alaska Mines and Minerals from the heavy annual interest charges imposed by the DeCoursey Debentures.
4. Bonus the Debentureholders as consideration for giving up their present security and accepting something less, by granting them an equity interest in Alaska Mines and Minerals Incorporated.

The management of DeCoursey-Brewis determined that they could reach these objectives by—

1. Having Alaska Mines and Minerals Incorporated create Income Debentures.
2. Obtaining the approval of the Debentureholders of DeCoursey-Brewis Minerals Limited to—
  - (a) permit the Trustee for the Debentureholders of DeCoursey-Brewis to accept Alaska Mines and Minerals Debentures for promissory notes of Alaska Mines and Minerals.
  - (b) accept Income Debentures and shares of Alaska Mines and Minerals Incorporated for outstanding debentures of DeCoursey-Brewis Minerals Limited.
  - (c) release DeCoursey-Brewis from the covenants contained in, and to discharge DeCoursey-Brewis from the lien of, the Deed of Trust and Mortgage related to the DeCoursey-Brewis Debentures.

After completing the necessary organizational steps, the Debentureholders of DeCoursey-Brewis Minerals Limited met on May 25, 1962 and approved an extraordinary resolution which —

- (a) authorized the Trustee for the Debentureholders of DeCoursey-Brewis —
  - (i) to exchange \$514,000 principal amount of promissory notes issued by Alaska Mines and Minerals Incorporated for \$514,000 principal amount of Income Debentures to be issued by Alaska Mines and Minerals Incorporated.
  - (ii) to call in all the presently outstanding debentures of DeCoursey-Brewis Minerals Limited, and for each \$500 principal amount thereof, issue in exchange 500 fully paid and non-assessable shares of the capital stock of Alaska Mines and Minerals Incorporated, and, \$500 principal amount of Income Debentures to be issued by Alaska Mines and Minerals Incorporated.
- (b) release the Company and the Trustee from the covenants contained in, and to discharge the Company from the lien of, the Trust Deed.

Immediately after the Debentureholders' meeting was terminated, the steps required to implement the extraordinary resolution were taken. \$936,000 of promissory notes payable to DeCoursey by Alaska Mines and Minerals were exchanged for 422,000 shares and \$514,000 principal amount of Income Debentures of Alaska Mines and Minerals Incorporated. On June 1, 1962, the maturity date of the DeCoursey-Brewis Debentures, the Trustee for the Debentureholders commenced to distribute the \$514,000 principal amount of the Income Debentures issued by Alaska Mines and Minerals Incorporated, and 514,000 shares of Alaska Mines and Minerals Incorporated to the Debentureholders of DeCoursey-Brewis Minerals Limited in exchange for the debentures of DeCoursey that they held. As a result of this exchange, DeCoursey-Brewis Minerals now owns 208,000, or 28.81% of the 722,000 shares of Alaska Mines and Minerals Incorporated now outstanding.

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**ALASKA MINES AND MINERALS INCORPORATED**

Particulars with respect to the affairs of Alaska Mines and Minerals Incorporated and the results of its operations are set out in the annual report of that company.

Shortly after the end of the financial year of Alaska Mines and Minerals, plans for an extensive exploration program of the company's mining properties in the Red Devil area were established. Assistance in the financing of this program was sought by submitting an application to the Office of Minerals Exploration, United States Government, for a loan of funds to be used in this project. We are pleased to report that the application was accepted, and a contract signed on October 19, 1962 under which the Office of Minerals Exploration will advance a total of \$162,050 to Alaska Mines and Minerals Incorporated as the exploration work agreed upon progresses. Repayment of these advances is made by way of royalty from mercury produced as a result of the exploration.

The contract with the Office of Minerals Exploration was secured, largely through the effort of Mr. R. G. Wolfe, the President of Alaska Mines and Minerals Incorporated. Your directors consider this to be an appropriate time to advise you that Mr. Wolfe, who is one of Alaska's most prominent citizens and businessmen, has acted as President and has directed the affairs of Alaska Mines and Minerals for several years without remuneration. His contribution to this company, which your directors are pleased to recognize here, is truly beyond measure.

**GENERAL**

With the settlement of the debentures completed, DeCoursey-Brewis can participate in exploration work in Canada more freely than it has been able to do in recent years, and your management is seeking some exploration opportunity that will be beneficial to this Company.

The Company's Red Lake properties are being maintained in good standing. When the time appears appropriate for the performance of further work on these claims, it will be done.

Your directors wish to record their appreciation for the cooperation and assistance received from the staffs of Alaska Mines and Minerals Incorporated and DeCoursey-Brewis Minerals Limited.

If you are unable to attend the shareholders' meeting in person, kindly return the enclosed proxy at your early convenience.

Respectfully submitted on behalf of the Board,

A. W. WHITE,  
President.

# DeCOURSEY-BREW

## BALANCE SHEET

### ASSETS

#### Current Assets

Cash in Banks	\$ 488.30
Cash in Banks (United States Funds)	18,200.91
Accounts Receivable	1,929.87 \$ 20,619.08

#### Interest in Alaska Mines and Minerals Incorporated

Shares, at cost	\$259,856.00
Advances and Interest Receivable (United States Funds)	845,322.42 1,105,178.42

#### Fixed Assets, at cost

Mining Claims and Properties	\$121,328.55
Preliminary Development, Administrative Costs and Other Charges, per Statement herewith	150,643.60 271,972.15

#### Other Assets

Interest in Outside Mining Companies and Mining Properties, at cost, less amounts written off:

Shares of Other Mining Companies	\$20,000.00
Exploration Expenditures on Outside Mining Properties, per Statement herewith	53,374.24 \$ 73,374.24
Shares of Other Companies	2,000.00 75,374.24

Organization Expense	5,947.61
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Securities Held by Trustee for Sinking Fund Debentureholders, per contra, see Note 1	514,000.00
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\$ 1,993,091.50

Approved on behalf of the Board:

A. W. WHITE, Director.

L. V. BARBISAN, Director.

# MINERALS LIMITED

1st MAY, 1962

## LIABILITIES

### Current Liabilities

Accounts Payable and Accrued Charges	\$ 104,451.64
Notes Payable	201,955.66
Note Payable (United States Funds)	60,000.00
Bond Interest Accrued (United States Funds)	25,065.00 \$ 391,472.30

### Shareholders' Equity

#### Capital Stock

Authorized 5,000,000 shares of par value \$1.00 each	\$ 5,000,000.00
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Issued 3,866,390 shares	\$ 3,866,390.00
Less: Discount thereon	\$ 1,294,132.52

\$ 2,572,257.48

43,066.05

\$ 2,615,323.53

#### Less: Exploration Account, (at debit) per Statement

herewith \$ 885,560.33

Deficit, per Statement herewith 642,144.00 1,527,704.33 1,087,619.20

First Mortgage 6% Sinking Fund Debentures, per contra, see Note 1	514,000.00
	\$ 1,993,091.50

The accompanying Notes form an integral part of this Statement.

Subject to accompanying Report of this date.

McDONALD, NICHOLSON & CO.,

Chartered Accountants.

TORONTO, 12th September, 1962.

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## AUDITORS' REPORT

To the Shareholders,  
DeCoursey-Brewis Minerals Limited,  
TORONTO, Ontario.

We have examined the Balance Sheet of DeCOURSEY-BREWIS MINERALS LIMITED as at 31st May, 1962, together with the Statement of Preliminary Development, Administrative Costs and Other Charges, Statement of Expenditure on Outside Mining Properties, Exploration Account and Deficit Account for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying Balance Sheet and related Statements together with the Notes to Financial Statements present fairly the financial position of the Company at 31st May, 1962, and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

McDONALD, NICHOLSON & CO.,  
Chartered Accountants.

TORONTO, 12th September, 1962.

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**NOTES TO FINANCIAL STATEMENTS**

**31st May, 1962**

**(1) SINKING FUND DEBENTURES**

At a meeting of 6% Sinking Fund Debentureholders held 25th May, 1962, an Extraordinary Resolution was passed pursuant to the provisions of the Deed of Trust and Mortgage authorizing the Trustee, (1) to exchange certain promissory notes of Alaska Mines and Minerals Incorporated held by the Trustee securing Advances to that Company, for Income Debentures and Common Shares of Alaska Mines and Minerals Incorporated; and (2) to deliver to the 6% Sinking Fund Debentureholders on the maturity date of the said Debentures, 1st June, 1962, as consideration in full for each \$500.00 principal amount outstanding, 500 fully paid and non-assessable common shares of Alaska Mines and Minerals Incorporated and \$500.00 principal amount of Alaska Mines and Minerals Incorporated Income Debentures; and (3) to discharge the Trust Deed.

As at 31st May, 1962, the Trustee for the Sinking Fund Debentureholders held, for the foregoing purposes, the following securities:

\$514,000.00 principal amount of 6% Income Debentures of Alaska Mines and Minerals Inc., and 514,000 common shares of Alaska Mines and Minerals Inc., at cost	\$ 1,156,144.00
<b>Less:</b>	
Allowance for reduction in value of foregoing securities to an amount equal to the aggregate principal sum of Sinking Fund Debentures to be redeemed	642,144.00
	<u>\$ 514,000.00</u>

**(2) CONSOLIDATED FINANCIAL STATEMENTS**

Consolidated Financial Statements of DeCoursey-Brewis Minerals Limited and its wholly-owned subsidiary Alaska Mines and Minerals Incorporated have not been prepared at 31st May, 1962, since the parent-subsidiary relationship ceased to exist on 1st June, 1962, by reason of the exchange referred to in Note (1).

Net Loss of Alaska Mines and Minerals Incorporated for the year ended 31st May, 1962, amounted to \$109,065.05, bringing the accumulated loss of Alaska Mines and Minerals Incorporated, since the acquisition of the shares of that Company by DeCoursey-Brewis Minerals Limited, to \$1,380,112.61.

**(3) FOREIGN EXCHANGE**

The assets and liabilities of the Company are included in the financial statements in Canadian dollars at par of exchange. Assets and Liabilities recorded in United States funds are noted on the attached Balance Sheet.

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**STATEMENT OF PRELIMINARY DEVELOPMENT,  
ADMINISTRATIVE COSTS AND OTHER CHARGES**

For the year ended 31st May, 1962

Balance, 1st June, 1961	\$150,524.47
Add:	
Taxes	119.13
Balance, 31st May, 1962	<u>\$150,643.60</u>

**STATEMENT OF EXPLORATION EXPENDITURE  
ON OUTSIDE MINING PROPERTIES**

For the year ended 31st May, 1962

Exploration Expenses

Fees and Licences	\$ 121.00
Less: Royalty on Gold Production	\$ (488.70)
Balance, 1st June, 1961	53,862.94
Balance, 31st May, 1962, transferred to Balance Sheet	\$53,374.24
Property Purchase and Option Payments	\$25,025.40
Exploration Expenditure	28,348.84
	<u>\$53,374.24</u>
	<u>\$53,374.24</u>

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**EXPLORATION ACCOUNT**

For the year ended 31st May, 1962

**Indirect Expenses**

Annual Meeting Expense	\$ 610.71
Capital and Place of Business Taxes	444.49
Debenture Holders' Meeting Expense	932.21
Head Office Maintenance	3,000.00
Printing, Stationery and Office Expense	981.59
Professional Services	781.00
Share Issue Expense	142.65
Transfer Agent's Fees	1,699.93 \$ 8,592.58

**Other Charges**

Bond Interest	\$ 30,840.00
Bond Discount and Expense	5,394.48
Loan Interest	12,352.36
Foreign Exchange	1,612.50
	\$ 50,199.34

**Deduct:**

Interest Income	40,794.24	9,405.10
		\$ 17,997.68
Balance, 1st June, 1961	\$870,416.25	
Less: Adjustment of prior years' Exploration Expenses	2,853.60	867,562.65
Balance, 31st May, 1962, transferred to Balance Sheet		\$885,560.33

**STATEMENT OF DEFICIT**

31st May, 1962

Provision for reduction in value of Investment Securities, see Note (1)	\$642,144.00
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## 1990 CANADA POSTAGE RATE

